[Mr. R. Nilakanta Pillai.]

Before proceeding to deal with, in detail, the revised estimates for the current year, I shall briefly explain the more important variations.

(1) The capital for the construction of the Shencottah-Quilon Railway was raised by the Secretary of State for India and this Government undertook to guarantee the interest on the capital so invested. The capital cost on the line now stands at Bh. Rs 138·77 lakhs. On the assumption that we are bound to take over the line after 1945 on payment of the capital cost, a sinking fund was created in 1912 which amounted to Bh. Rs 69·43 lakhs at the close of last year. Subsequent investigations into the matter of our liability in connection with the Shencottah-Quilon line have, however, disclosed that our liability is only for underwriting the guaranteed interest on the capital raised for the construction of the State Section of the Railway and not for the repayment of the capital and that if and when the Government of India exercise the right to purchase the line, the Travancore Government, while having the option to purchase the section, will be under no obligation to do so. Thanks to the representations made by Sir C. P. Ramaswami Aiyar, Legal and Constitutional Adviser to His Highness the Maharaja on behalf of this Government, the Government of India have accepted the above views of the Travancore Government and held that there is no legal obligation on the part of this Government to purchase the Shencottah-Quilon Section of the Railway and that we are at liberty to utilise the Sinking Fund created for repayment of the capital cost on the line for any other purpose we deem fit. The accumulated Railway Sinking Fund balance of Bh. Rs. 69·43 lakhs has accordingly been utilised in the following manner.

(i) Bh. Rs 5 lakhs has been set apart to form the nucleus of an Irrigation Reserve Fund.

(ii) Bh. Rs 4·95 lakhs has been added on to the Debenture Loan Sinking Fund so that the fund balance may be raised to Bh. Rs 14·49 lakhs which is the aggregate amount of the loan raised in connection with the construction of the Railway from Quilon to Trivandrum. This will enable the Government to discharge the debt in full immediately, instead of waiting till 1941, provided the investors are prepared to surrender the securities to Government and receive payment at par.

(iii) The balance of Bh. Rs 59·48 lakhs has been set apart to form a General Reserve Fund to be drawn upon, in case of absolute necessity, for financing the Pallivasal Hydro-Electric Scheme.

There is thus no necessity to make any further payments towards the sinking funds and the interest on the investments has accordingly been credited to Government under Interest instead of to Sinking funds as hitherto.

(2) The total outlay on the Trivandrum Electric and Telephone Scheme to the end of 1108 amounted to Rs 7·93 lakhs. This scheme is now yielding a reasonable return on the capital invested after meeting

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the usual depreciation charges It is expected that the Quilon Electric Scheme and the Pallivasal Hydro-Electric Scheme would also be paying concerns. In these circumstances, Government have decided to treat the expenditure on these schemes as investments on reproductive works.

REVISED ESTIMATES FOR 1109.

3. The budget estimates for the current year were for a total revenue of Rs 230·04 lakhs and provided for a programme of expenditure of Rs 229·21 lakhs, leaving a nominal surplus of Rs ·83 of a lakh. But, on the basis of the actuals so far known, the revenue is expected to stand at Rs 232 66 lakhs and the expenditure charged to revenue, at Rs 237·77 lakhs. The current year is thus expected to close with a deficit of Rs 5·11 lakhs. The ordinary revenue for the year is expected to be better than the original anticipations by Rs 2·62 lakhs. This is the net result of increase in revenue to the extent of Rs 9·52 lakhs expected under some of the revenue heads and decreases amounting to Rs 6·90 lakhs under others. The increase in revenue is mainly under Land Revenue (·45), Salt (1·20), Interest (4·15), Buildings, Communications and Miscellaneous Public Improvements (1·57) and Railways (·55). Under Land Revenue, the increase is mainly under arrears. The receipts under Ayacut revenue are expected to be less than the budget by Rs 3·30 lakhs, due mainly to the general remission of land tax to the extent of 12½ per cent for the current year on all wet lands in the State and partly to less collections. The increase under Salt is expected mainly under Recoveries on account of charges incurred in the sale of salt. The interest realised on the Sinking Fund investments is, as already explained, now credited to Government under 'Interest' instead of to Sinking Funds. This acccounts for the increase under Interest. The increase under Buildings, Communications and Miscellaneous Public Improvements is due partly to the fact that the receipts on account of subventions from the Central Road Development Account of the Government of India amounted to Rs 1·46 lakhs as against Rs 1 lakh only anticipated in the budget. It is also due to the adjustment of the difference of previous years under Workshop suspense by credit to this head. Under Railways, the increase of Rs ·55 of a lakh is due to the fact that the working of the Railway from Shencottah to Trivandrum for the year ended March 1934 resulted in a net profit of Rs ·05 of a lakh as against a net loss of Rs ·5 of a lakh anticipated in the budget.

Decreases are expected mainly under Excise (·56), Customs (2·00), Stamps (1·75) and Registration (·68). The decrease under Excise is chiefly under Abkari and Opium —License fee and duty on country liquor etc. counterbalanced by an increase of Rs ·60 of a lakh under Duty on tobacco. Customs revenue is expected to be less than the budget by Rs 2 lakhs, due to the fact that the net receipts from the Cochin Harbour Scheme amounted only to Rs 9·09 lakhs as against the budgeted receipt of Rs 14 lakhs. Leaving aside the large decrease under this special item, the ordinary customs revenue is expected to be better than the budget anticipation by Rs 2·90 lakhs, the increase being due mainly to larger export of copra, cocoanuts, coir, cocoanut oil

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[Mr. R. Nilakanta Pillai.]

and pepper. The export of dry ginger and tea has, however, declined. The decrease of Rs 1·75 lakhs under Stamps and of Rs ·68 of a lakh under Registration is due to the prevailing economic depression.

4. On the expenditure side, a net increase of Rs. 8·56 lakhs is expected. The items which contribute to the increase are Buildings, Communications and Miscellaneous Public Improvements (4·84), Panivagai (4·04), Miscellaneous Political Expenditure (3·14), Palace (1·55) and Superannuation Allowances and Pensions (·75). The increase under Buildings, Communications, etc. is due to the provision of additional funds during the year for urgent works, especially under Communications. Under Panivagai, the increase is on account of additional works in the Kowdiyar Palace and the provision of funds therefor. The increase under Miscellaneous Political Expenditure is due to the Visit of His Excellency the Viceroy. The expenditure in connection with the Pallikettu of Her Highness the First Princess accounts for the increase under Palace. Under Superannuation Allowances and Pensions, the expected increase is on account of increase in the retirement list. The anchorage at the Quilon Port had not been surveyed since 1883 and consequently the present soundings on the chart are not correctly verified. Arrangements were therefore made with the Marine Department of the Government of India for a resurvey of the Port. This accounts for an increase of Rs ·30 of a lakh under Ports.

The forest areas between Pallivasal and Nariamangalam having become accessible with the opening of the Neriamangalam Pallivasal road, an investigation survey was conducted recently by one of the experienced officers of the Forest department to ascertain the extent of eatta growth by the side of the road. As a result, it has been found that eatta or reeds could easily be extracted from an area of about 28 square miles of forest land and that on a three years' rotation, the annual cut would be approximately 28,000 tons of air-dry eatta which according to Dr. Witz's data is expected to yield about 12,000 tons of pulp every year. The economic significance of this lies in the possibility of using this pulp to run a paper mill in the vicinity, either at Alwaye or at Thattakkad. When the Pallivasal Hydro-Electric Scheme is completed, electrical energy will become easily available: and in fact the sub-stations at Kothamangalam (near Thattakkad) and Alwaye have been so designed as to provide the necessary facilities for the supply of power for industrial purpose at these places. The existence of a railway station at Alwaye, the proximity of the Cochin Harbour, the availability of cheap labour, an abundant supply of fresh water at all times of the year both at Thattakkad and Alwaye, are all important factors in the consideration of this question. Further developments in the matter are engaging the attention of Government.

Savings in expenditure to the extent of Rs 6·60 lakhs are also expected, of which Rs 1·87 lakhs is under payments towards Sinking Funds, Rs ·73 of a lakh under His Highness the Maha Raja's Tours outside the State and Rs·88 of a lakh under Education. As explained

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